



LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

B.com. DEGREE EXAMINATION – COMMERCE

SIXTH SEMESTER – NOVEMBER 2013

CO 6605 – MANAGEMENT ACCOUNTING

Date : 09/11/2013
Time : 1:00 - 4:00

Dept. No.

Max. : 100 Marks

SECTION A

Answer ALL the questions:

(10 X 2 =20)

1. What is Key factor?
2. What is Break even point?
3. What is Zero base budgeting?
4. What is Contribution?
5. Calculate current ratio.

Liabilities	Amount	Assets	Amount
Share capital		Fixed assets	2,50,000
Equity share capital	1,00,000	Stock	2,50,000
Preference share capital	1,00,000	Debtors	1,00,000
Reserves	2,00,000	Bank	50,000
Debentures	1,00,000		
creditors	1,00,000		
Bills payable	50,000		
	6,50,000		6,50,000

6. Calculate funds from operations.

Particulars	Rs.	Particulars	Rs.
To salaries	5,000	By gross profit	50,000
To rent	3,000	By profit on sale of buildings Book value 10,000 Sold for 15,000	5000
To depreciation on plant	5,000		
To printing and stationery	3,000		
To preliminary expenses written off	2,000		
To goodwill written off	3,000		
TO provision for	4,000		

tax			
To proposed dividends	6,000		
To Net profit	24,000		
	55,000		55,000

7. Calculate material cost variance

	Standard	Actual
Quantity	400 Kgs	460 kgs
Price	Rs 2 per kg	Rs 1.5 per kg
Value	Rs 800	Rs. 690

8. Calculate P/V ratio.

Period 1	sales	20 lakhs	profit	2 lakh
Period 2	sales	30 lakhs	profit	4 lakh

9. Calculate gross profit ratio.

Sales 10,00,000, Sales returns 1,00,000, Opening stock 2,00,000, Purchases 6,00,000, Purchase returns 1,50,000 Closing stock 65,000

10 . Calcualte break even point.

	First year	second year
Sales	80,000	90,000
Profit	10,000	14,000

SECTION B

Answer any FIVE questions only.

5 X 8 = 40

11. What are the functions of management accounting?

12. How the management techniques supports the decision making process.

13. What are the main characteristics of marginal costing?

14. Profit and loss account of A ltd is given, calculate profitability ratios.

Particulars	Rs.	Particulars	Rs.
To opening stock	2,00,000	By sales	16,00,000
To Purchases	12,00,000	By Closing stock	3,20,000
To Administration Expenses	1,20,000	By Dividend	4,000
To Selling expenses	80,000		
To Financial expenses	40,000		
To loss on sale of assets	5,000		
TO Net profit	2,79,000		
	19,24,000		19,24,000

15. From the following prepare a statement showing flow of funds.

Liabilities	31.12.1991	31.12.1992	Assets	31.12.1991	31.12.1992
Share capital	2,00,000	2,50,000	Land	50,000	66,000
Retained Earnings	10,000	23,000	Stock	80,000	90,000
Creditors	70,000	45,000	Debtors	1,20,000	1,15,000
			cash	30,000	47,000
	2,80,000	3,18,000		2,80,000	3,18,000

16. From the following calculate break evenpoint and turnover required to earn a profit of Rs. 36,000

Fixed overheads Rs. 1,80,000 Variable cost per unit Rs. 2 , Selling Price Rs. 20. If the company is earning a profit of Rs. 36,000 express the margin of safety available for it .

17. From the following calculate 1. Material price variance 2. Material usage variance 3. Material cost variance.

Material purchased 3000 gs at Rs.6 per kg

Standard quantity of material fixed for one unit of finished product 25 kgs at Rs. 4 per kg

Opening stock of material Nil

Closing stock of material 500 kgs

Actual output during the period 80 units.

18. Prepare production budget

Product	Budgeted sales quantity	Actual stock on 31.12.99	Desired stock on 30.6.2000
	Units	Units	
S	20000	4000	5000
T	50000	6000	10000

SECTION C

Answer any TWO questions only.

2 X 20 =40

19. The following is the balance sheet of P Ltd as on 30 the june and 30th june 1988.

Liabilities	30.6.1987	30.6.1988	Assets	30.6.1'987	30.6.1988
Share capital	1,80,000	2,00,000	Goodwill	24,000	20,000
Reserve Fund	28,000	36,000	Buildings	80,000	72,000
P & L A/c	39,000	24,000	Machinery	74,000	72,000
Trade Creditors	16,000	10,800	Investments	20,000	22,000
Bank overdraft	12,400	2,600	Inventories	60,000	50,800
Provision for Taxation	32,000	34,000	Debtors	40,000	44,400
Provision for doubtful debts	3,800	4,200	Cash	13,200	30,400

	3,11,200	3,11,600		3,11,200	3,11,600
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Additional Information:

- (i) Depreciation changes on machinery Rs. 10,000 and on buildings Rs. 8,000
- (ii) Investments sold during the year Rs. 3,000
- (iii) Rs. 15,000 interim dividend paid during January 1988
- (iv) Taxes paid during the year Rs. 30,000

Prepare – fund flow statement.

20. Calculate from the following data: (a) The material price variance, (b) The material mixture variance, (c) The Material yield variance, (d) The material usage variance, and (e) The material cost variance.

Material	Standard price per lb	Standard weight per unit of output lbs	Actual usage for output of 36 units lbs	Actual price per lb (Rs.)
A	Rs. 10	2	72	12
B	1	4	108	1
C	5	3	126	4
		9	306	

21. Following are the ratios relating to a company

Receivables turnover 90 days (360 days year)

Inventory turnover 3 times

Payables turnover 3 months

Gross profit ratio 25%

Gross profit for the year amounted to Rs 18000. closing inventory of the year is Rs.2000 above the opening inventory. Bills receivable amount to Rs 2500 and bills payable Rs 1000 Ascertain the following:

- 1. Sales
- 2. Debtors
- 3. Closing inventory
- 4. Sundry creditors.

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